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(U) Current Status of Muwafaq

(U) According to press reports AL-QADI asserted at the time of his designation that Muwafaq had terminated operations in 1996 or 1997. However, according to one of AL-QADI's submissions, as of late 2002, Muwafaq continued to be registered in Holland and Belgium.⁵⁰

(U) Other AL-QADI Ties Directly to SDGT Usama Bin Laden

(U) AL-QADI states that his meetings with Usama bin Laden are restricted to individual occasions in 1980, 1988 and maybe in 1992; during a time when Muwafaq was being initially created and funded.⁵¹ Regarding his relationship with Usama bin Laden, AL-QADI asserts, "At no time have either I or Muwafaq ever contributed any funds or otherwise supported bin Laden or al Qaida. At no time have either I or Muwafaq ever acted as a conduit or channel for funds being passed to bin Laden or al-Qaida."⁵² Further, AL-QADI states that he has never managed money or any business enterprises for Usama bin Laden, or for the benefit of Usama bin Laden.⁵³

(U) Nor was he aware of any allegation that any company that he was associated with was funded by, controlled by, or sponsored by Usama bin Laden.⁵⁴

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⁵⁰ 12-19-2002 WS, p. 15.

⁵¹ 7-11-2003 Answers, p. 17-18.

⁵² 12-17-2001 WS, p. 11.

⁵³ 7-11-2003 Answers, p. 16.

⁵⁴ 7-11-2003 Answers, p. 16.

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(U) AL-QADI Support for SDGT Asbat al-Ansar

(U) In his submissions to OFAC, AL-QADI claims that he did not provide any support, nor did he have any knowledge of SDGT Asbat al-Ansar.⁵⁵

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(U) Other Business Ties with Associates of Terrorists

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(U) AL-QADI and the Bin Mahfouz Family

(U) Kadi states in his submissions that during the 1990 to 1991 time period he was working with Khalid Bin Mahfouz for National Commercial Bank, and that they developed a relationship of mutual trust and respect.⁵⁶ During this time period Bin Mahfouz told AL-QADI that he wanted to start a charity in memory of his parents.

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⁵⁵ 7-11-2003 Answers, p. 25.

⁵⁶ 7-11-2003 Answers, p. 1.

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(U) AL-QADI Funds Provided Directly to SDGT Wa'el Julaidan for Use at Al-Iman University

(U) By his account, AL-QADI helped fund housing units for the Al-Iman University (a.k.a. Al-Eman University) in Sanaa, Yemen, transferring \$1.25 million between February 24, 1998, and August 3, 1998. He accomplished this transfer by sending money from the account of his company Karavan Development Group directly to SDGT Wa'el Julaidan.⁵⁸

(U) According to his submissions, Julaidan was entrusted with the implementation of "the University Housing Project" and executed the project through Julaidan's company, Maram. Maram was responsible for executing a contract with another company, Vefa, which constructed the housing.⁵⁹

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(U) According to AL-QADI's submissions, Zindani had a long-standing association and friendship with AL-QADI's uncle, Dr. Mohammed Omar Zubayr. In 1997 when the University appealed for urgent donations, Zindani asked for the help of AL-QADI's uncle. "It was against this background that in late 1997 Mr. Kadi was approached by his uncle, Dr. Zubayr, who explained the University Housing Project to him and suggested it was worthy of Mr. Kadin's support. ...Based on this appeal, Mr. Kadi agreed to help by providing funds."⁶⁰

(U) AL-QADI states that the \$1.25 million was not given to "bin Laden's organization," but rather to the housing project.⁶¹

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⁵⁷ 12-17-2001 WS, p. 10.

⁵⁸ 8-22-2003 WS, p. 1.

⁵⁹ 8-22-2003 WS, WS p. 6-9.

⁶⁰ 8-22-2003 WS, p. 5-6.

⁶¹ 8-22-2003 WS, p. 21.

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(U) b1 Diplomatic reporting informs that, as of September 2001, b1
 b1 feared the long-term consequences for Yemen of the
 continued existence of the Al-Eman University. b1

b1 steps to diminish its influence by expelling some 350 foreign students. b1
 b1 also feared that the university might have al Qaida connections. [Exhibit
 BBBB, para. 2.]

(U) AL-QADI Provision of Funds to Admitted HAMAS Operative

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(U) AL-QADI states that the \$820,000 was intended as an interest-free loan for a
 charitable cause.⁶²

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(U) Through his involvement with QLI, AL-QADI admits that in less than a one year
 period, he transferred \$167,000 directly to Salah's personal bank account. From March
 1992, through October 1992, he authorized a total of \$107,000 to be transferred to
 Salah's personal account, and sometime around February 1993, he caused an additional
 \$60,000 to be transferred to Salah's personal account. The specific money transfers sent
 directly to Salah bank account are as follows:⁶⁴

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⁶² 7-23-2002 WS, p. 11-12.

⁶³ 12-17-2001 WS, p. 13-14.

⁶⁴ 12-17-2001 WS, p. 15; 7-23-2002 WS, p. 18.

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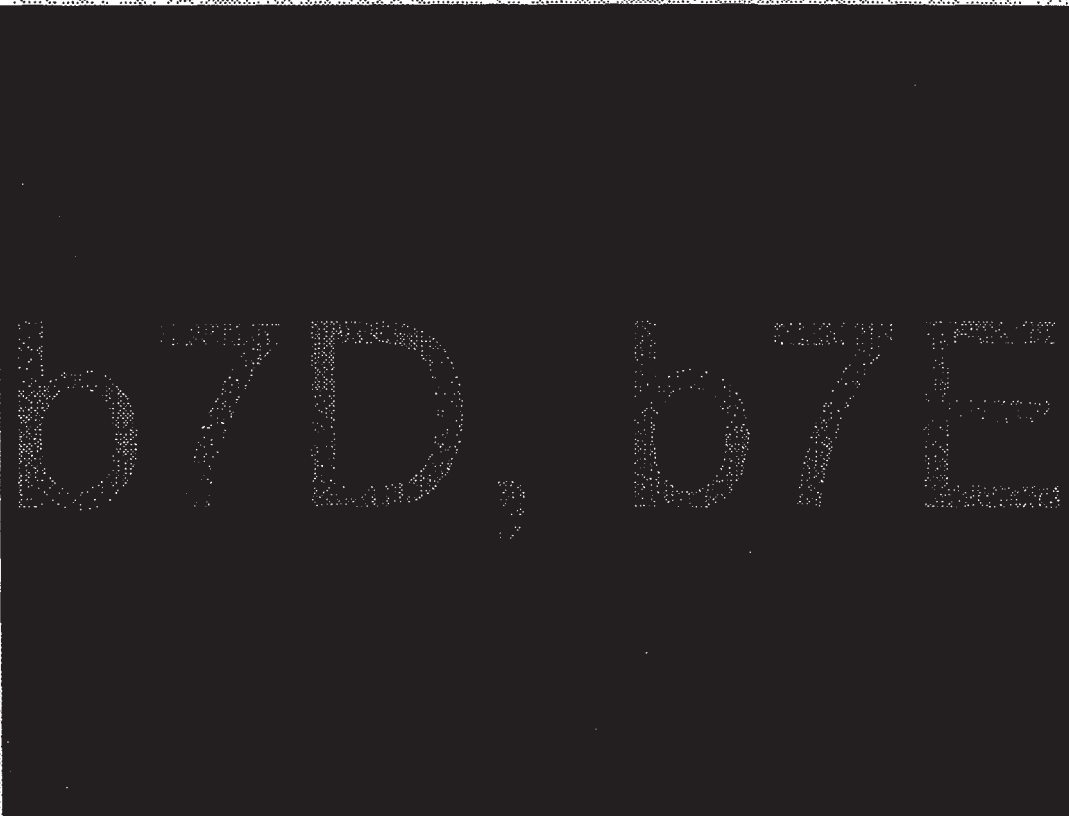
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(U) AL-QADI also states that he met Salah on two or three occasions.⁶⁵

(U) AL-QADI states that "he agreed to the request of [QLI Director] Dr. Zaki and his fellow board members of QLI to transfer some sums of money to the account of an individual named Mohamed Salah (a.k.a. Abu Ahmed) who was involved with QLI."⁶⁶ AL-QADI claims that the purpose of these funds were to pay editors, computer operators or other employees to work on the Quranic Project and to purchase equipment for this project.⁶⁷ He claims that his understanding was that he was providing approximately \$36,000 to support three individuals who were volunteering their time and services for the charitable purposes of QLI.⁶⁸

(U) Other than stating that he was asked by Dr. Zaki to do so, AL-QADI has not provided an adequate explanation as to why he did not send this money directly to QLI, or directly to the three "volunteers," rather than to Salah's personal bank account.



⁶⁵ 12-17-2001 WS, p. 14.

⁶⁶ 12-17-2001 WS, p. 14.

⁶⁷ 12-17-2001 WS, p. 14.

⁶⁸ 7-11-2003 Answers, p. 31.

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(U) On February 25, 1993, upon learning of Salah's arrest, AL-QADI instructed his bank to stop the wire transfer of \$60,000 to Salah's First Chicago account.⁷⁰ Despite his efforts, the \$60,000 was deposited in Salah's account.⁷¹

(U) AL-QADI states that he "accepts that in 1992 he transferred funds to Mahammed Salah," but he claims that he "had no idea at that time that Salah was involved with HAMAS."⁷²

(U) QLI sold the Woodridge property in 1994, for more than the initial purchase price but did not repay Al-Qadi's \$820,000 loan. AL-QADI claims that "Dr. Zaki asked me to turn my loan... into what is known in Arabic as a 'Waqf' which is another Islamic concept, the closest analogy to which in Western culture is a religious trust. This 'Waqf' was to be used for the purchase of premises for QLI. I verbally agreed to this."⁷³

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⁶⁹ The Salah admissions come from certified, translated and transcribed interviews between Salah and Israeli officials conducted during the approximate six months following his arrest in Israel on January 25, 1993. The interview transcripts are part of the public court record in United States v. Mousa Abu Marzook, No. 95 C 9799 (S.D.N.Y.) (the proceedings and findings of which are detailed at 924 F. Supp. 565, 587-89 (S.D.N.Y. 1996)).

⁷⁰ 12-17-2001 WS, at p. 15.

⁷¹ 7-23-2002 WS, at p. 17, 21.

⁷² 2-28-2003 Meeting, p. 12.

⁷³ 12-17-2001 WS, p. 18.

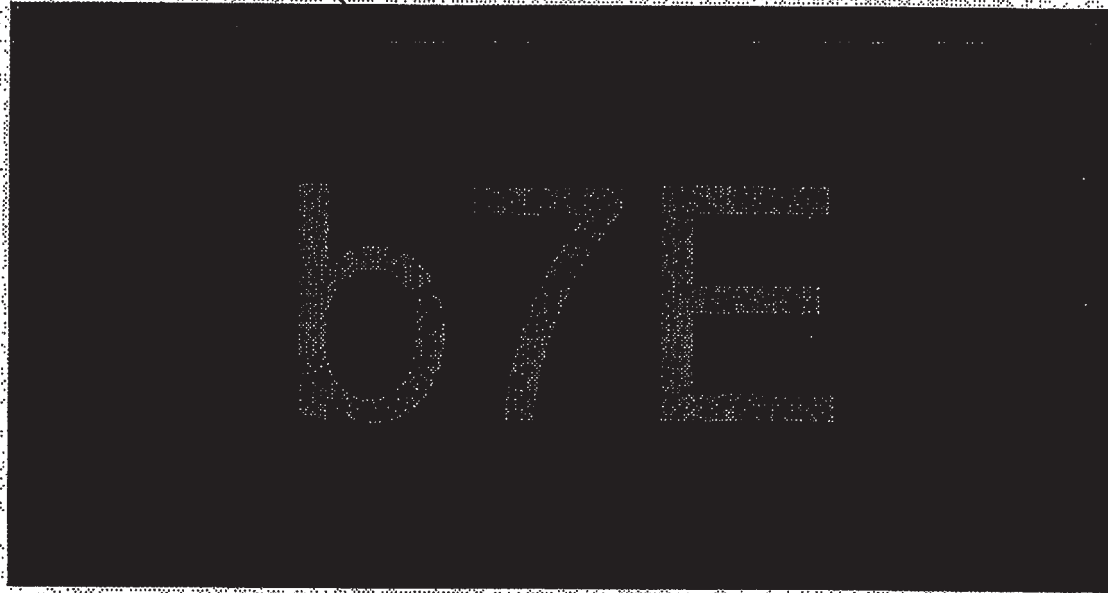
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(U) Although he did not intervene in the forfeiture case, **AL-QADI** denies the allegations asserted by the government in that case. He claims, "All of these transfers and the \$820,000 transfer in July 1991 were made with the utmost transparency to US bank accounts from my account(s) at Faisal Finance in Geneva, Switzerland. It is highly unlikely that anybody who intended to make payments supporting HAMAS or any other terrorist group would have transferred them to a person in the USA via the US banking system with such openness and transparency. It would appear to me that if I had wanted to support HAMAS or other terrorist group (which I repeat I never have) there are numerous other ways that goal could have been achieved more effectively and secretly."⁷⁴

(U) However, as explained above, HAMAS leader Marzook and other HAMAS operatives also transferred a substantial amount of funds to Salah through the transparency of U.S. bank accounts.

(U) Despite **AL-QADI**'s knowledge of Salah's involvement with HAMAS and the ultimate forfeiture case brought by the United States against QLI and Salah, **AL-QADI** never attempted to reclaim the \$820,000 provided to QLI for the land deal. Nor did **AL-QADI** stop further payments to QLI. Indeed, he states that "[f]ollowing Mohamed Salah's arrest I had agreed with Dr. Zaki to provide additional support directly to QLI."⁷⁵ **AL-QADI** further admits that "at the express request of Dr. Zaki, I transferred between 1991 and 1997, sums totaling \$210,000 to Dr. Zaki for charitable purposes of QLI and for

⁷⁴ 12-17-2001 WS, p. 16.

⁷⁵ 7-23-2002 WS, p. 21.

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his own personal account."⁷⁶ Moreover, AL-QADI states that he has been listed as one of the directors of QLI in QLI's Annual Report for the years 1994 to 1998.⁷⁷ AL-QADI's involvement with QLI continued through at least 2002.⁷⁸

(U) Investment in BMI

(U) According to AL-QADI's submissions, through a company called Kadi International, Inc., he invested in a company named BMI, Inc. based in Seacaucus, New Jersey. "The company interested me as an investment opportunity as it adhered to Islamic principles of investment."⁸⁸

(U) AL-QADI asserts that "my investments with BMI, Inc. in the company's real-estate and leasing investment funds, were passive and were entirely innocent. At the time of my investment in BMI I was totally unaware of the identity, nature or activities of any other investors in BMI. I am not aware that BMI, Inc. has ever had any connection with Osama bin Laden, Al Qaeda, Mousa Abu Marzouk, International Relief Organisation or Sulaiman Al-Ali or Mercy International as alleged in the Article."⁸⁹ This claim of having no idea or interest in who the other investors were, and of being a totally passive investor in the enterprise, is made despite AL-QADI's experience and sophistication as an international businessman.

(U) According to a March 2000 affidavit sworn out by FBI Agent Robert Wright, one of AL-QADI's co-investors in BMI was SDT Mousa Abu Marzook, the HAMAS leader who was also associated with Mohammed Salah.

(U) In August 1998, the al Qaeda network simultaneously bombed two U.S. embassies in East Africa.

(U) According to Robert Wright's affidavit in 2000, a BMI accountant contacted the FBI by telephone, saying he believed his employer was supporting terrorism. The accountant reported that money he "was transferring overseas on behalf of the company may have

⁷⁶ 7-23-2002 WS, p. 22. (U) AL-QADI also states that "in 1992, at the express request of Dr. Zaki, I transferred sums totaling in the region of \$250,000 - \$300,000 to Dr. Zaki for the charitable purposes of QLI and for his own personal account." 12-17-2001, at p. 16.

⁷⁷ 7-11-2003 Answers, p. 28.

⁷⁸ 7-11-2003 Answers, p. 29.

⁷⁹ 12-17-2001 WS, p. 15.

⁸⁰ 12-17-2001 WS, p. 15.

⁸¹ 12-17-2001 WS, p. 14.

⁸² 12-17-2001 WS, p. 16.

⁸³ 7-11-2003 Answers, p. 29.

⁸⁴ 2-28-2003 Meeting, p. 12.

⁸⁵ 12-17-2001 WS, p. 18.

⁸⁶ 12-17-2001 WS, p. 18.

⁸⁷ 12-17-2001 WS, p. 19.

⁸⁸ 12-19-2002 WS, at p. 90.

⁸⁹ 12-19-2002 WS, at p. 91.

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